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FISCAL IMPACT REPORT

ORIGINAL DATE 2/2/2007

SPONSOR King LAST UPDATED _____ HB 442

SHORT TITLE Cooperative Establishment Assistance SB _____

ANALYST McOlash

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY07 | FY08 | | |
| | \$175.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

New Mexico State University – Department of Agriculture (DOA)
Higher Education Department (HED)

SUMMARY

Synopsis of Bill

House Bill 442 appropriates \$175,000 from the General Fund to the Regents of NMSU for expenditure in FY 2008 for the DOA to assist agricultural producers in the establishment of cooperatives.

FISCAL IMPLICATIONS

The appropriation of \$175,000 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY 2008 shall revert to the General Fund.

SIGNIFICANT ISSUES

Agricultural cooperatives are formed to work with like-minded producers to build a cooperative structure to sell their goods as one large unit. The goal is to assist small producers in selling in a larger volume and to bring quality and quantity to the market system.

This request was not submitted by NMSU to the New Mexico Higher Education Department for

review and is not included in the Department's funding recommendation for FY08.

ADMINISTRATIVE IMPLICATIONS

The DOA will require a new FTE or consulting services in order to assist with the establishment of grower cooperatives.

The funds from HB 442 would be administered by DOA with assistance from the Cooperative Development Center (part of the United States Department of Agriculture) based in Denver, CO. The DOA would establish a branch office of the Cooperative Development Center in Albuquerque to assist producers in the formation of cooperatives.

BM/yr